

Steve Westly *California State Controller*



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CONTROLLER SAYS APRIL TAX RECEIPTS & EXPENSES HIGHLIGHT NEED FOR BUDGET ACTION

Sacramento, May 2, 2003 – State Controller and Franchise Tax Board Chair Steve Westly today released financial results from April through Wednesday, April 30, 2003. Westly said the figures show revenues are very close to forecast, but expenditures are higher than projected, which has worsened the State's cash shortage.

"Revenues are very close to projections, but we're spending above our means, and we need to address that," Westly said. "We need to draft a budget that can bring revenues and expenditures into balance, and we need to do it by June 30."

According to the Controller, receipts from April taxes totaled \$8.244 billion compared to projections of \$8.172 billion. The difference is \$72 million or 0.9 percent. Actual expenditures for April were \$7.216 billion compared to projections of \$7.067 billion, a difference of \$149 million or 2.1 percent.

"The bottom line is April delivered some good news for the month, but we need to consider the year as a whole. When you look at the current year figures, there is a significant imbalance between revenues and expenses, and that cannot continue," Westly said.

Current year revenues are \$361 million below projected levels. However, current year expenditures are \$2.661 billion greater than projected. The delay in the sale of the tobacco security bond will further reduce expected cash levels by \$2 billion.

"The Legislature passed \$3.3 billion in mid-year budget cuts, which helped but did not prevent a cash shortage," Westly said. The Controller will borrow \$11 billion this spring to meet the State's financial needs for the current fiscal year and the first part of the next.

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